

U.S. EPA GRANT GUIDANCE

US-MEXICO BORDER WATER INFRASTRUCTURE PROGRAM



(Effective July 2008)

**US-MEXICO BORDER WATER INFRASTRUCTURE PROGRAM
GRANT GUIDANCE
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PURPOSE

This grant guidance is for the award of funds by Region 6 and Region 9 to eligible grantees for water infrastructure projects located within 62.5 miles (100 kilometers) of the United States-Mexico Border. Guidance for the award of subgrants to eligible recipients can be found in separate guidance documents for the Project Development Assistance Program (PDAP) and for the Border Environment Infrastructure Fund (BEIF).

EPA PROJECT COST SHARE

The level of EPA support for projects funded from appropriations available for the United States-Mexico Border Program will be decided on a project-by-project basis. In determining the level of assistance, EPA generally considers a number of factors which have been separately defined within the context of the United States-Mexico Border Program.

On May 2, 1997, the Agency issued a memorandum concerning "Program Requirements for Mexican Border Area Projects Funded under the Authority of this Agency's FY 1995, 1996 and 1997 Appropriations Acts."¹ That memorandum applies to all STAG funds appropriated for the United States-Mexico Border Program.

MATCH REQUIREMENT

The United States-Mexico Border Program funds cannot be used as a source of matching funds for other Federal programs. For projects that occur in Mexico, Mexican Federal, state or local grants may be used to match United States-Mexico Border grant funds.

PRE-AWARD COSTS

The Office of Grants and Debarment (OGD) issued a policy memorandum (GPI 00-02) on March 30, 2000, that applies to all grants, including United States-Mexico Border Program grants awarded on or after April 1, 2000. Additionally, a clarification to the policy memorandum (GPI 00-02(a)) was issued by OGD on May 3, 2000. The two memorandums revised the Agency's interpretation of a provision contained in the general grant regulations at 40 CFR 31.23(a) concerning the approval of pre-award costs.

¹This document is available on the internet at www.epa.gov/owm/mab/owm0327.pdf.

In essence, the OGD memorandums state that:

- Grantees may incur pre-award costs [up to] 90 calendar days prior to award provided they include such costs in their application, the costs meet the definition of pre-award costs and are approved by the EPA Project Officer and EPA Award Official.
- The award official can approve pre-award costs incurred more than 90 calendar days prior to grant award, in appropriate circumstances, if the pre-award costs are in conformance with the requirements set forth in OMB Circular A-87 and with applicable Agency regulations, policies and guidelines.

The OGD memorandums state that the award official can approve pre-award costs incurred prior to grant award in appropriate situations if the approval of the pre-award costs is consistent with the intent of the requirements for pre-award costs set forth in OMB Circular A-87 or A-122 and are in conformance with Agency regulations, policies and guidelines. The following two situations meet these requirements:

- Any allowable costs incurred *after* the start of the fiscal year for which the funds were appropriated but before grant award (*October 1 of the respective fiscal year*).
- Allowable facilities planning and design costs associated with the construction portions of the project included in the grant that were incurred *before* the start of the fiscal year for which the funds were appropriated (*October 1 of the respective fiscal year*).

Accordingly, effective April 1, 2000, the Regions have the authority to approve pre-award costs for the two situations described above. Any approval, of course, is contingent on the Regional Office determination that the pre-award costs in question are in conformance with the applicable Federal laws, regulations and executive orders that govern EPA grant awards and are allowable, reasonable and allocable to the project.

The Regions may not approve any pre-award costs for United States-Mexico Border Program grants, other than those that involve the two situations discussed above, without written approval from Headquarters. The request, with sufficient supporting documentation, should be submitted to the Director, Office of Wastewater Management, (Mail Code 4201M), USEPA, 1200 Pennsylvania Avenue NW, Washington, D.C. 20460. The Office of Wastewater Management will consult, in appropriate circumstances, with the OGD and the Office of General Counsel. If appropriate, a deviation from 40 CFR 31.23(a) will be processed and issued.

LAWS, REGULATIONS AND REQUIREMENTS

The Federal Laws and Executive Orders that apply to all EPA grants, including the United States-Mexico Border Program grants that are authorized by the Agency's Appropriations Acts, include, but are not limited to the following:

Environmental Authorities

- Archeological and Historic Preservation Act, Pub. L. 93-291, as amended
- Clean Air Act, Pub. L. 95-95, as amended
- Clean Water Act, Titles III, IV and V, Pub. L. 92-500, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Environmental Justice, Executive Order 12898
- Flood Plain Management, Executive Order 11988 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990 as amended by Executive Order 12608
- Farmland Protection Policy Act, Pub. L. 97-98
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- Magnuson-Stevens Fishery Conservation and Management Act, Pub. L. 94-265
- National Environmental Policy Act, Pub. L. 91-190
- National Historic Preservation Act, Pub. L. 89-655, as amended
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-54, as amended

Economic and Miscellaneous Authorities

- Debarment and Suspension, Executive Order 12549
- Demonstration Cities and Metropolitan Development Act, Pub. L. 89-754, as amended, and Executive Order 12372
- Drug-Free Workplace Act, Pub. L. 100-690
- Government Neutrality Toward Contractor's Labor Relations, Executive Order 13202 as amended by Executive Order 13208
- New Restrictions on Lobbying, Section 319 of Pub. L. 101-121
- Prohibitions relating to violations of the Clean Water Act or Clean Air Act with respect to Federal contracts, grants, or loans under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, and Executive Order 11738
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

Civil Rights, Nondiscrimination, Equal Employment Opportunity Authorities

- Age Discrimination Act, Pub. L. 94-135
- Equal Employment Opportunity, Executive Order 11246
- Section 13 of the Clean Water Act, Pub. L. 92-500
- Section 504 of the Rehabilitation Act, Pub. L. 93-112 supplemented by Executive Orders 11914 and 11250
- Title VI of the Civil Rights Act, Pub. L. 88-352

Disadvantaged Business Enterprise Authorities

- EPA's FY 1993 Appropriations Act, Pub. L. 102-389
- Section 129 of the Small Business Administration Reauthorization and Amendment Act, Pub. L. 100-590
- Small, Minority and Women Owned Business Enterprises, Executive Orders 11625, 12138 and 12432

Some of the authorities only apply to grants that include construction, e.g., EO 13202. A more detailed description of the Federal laws, Executive Orders, OMB Circulars and their implementing regulations is available through the OGD Grants Intranet website at <http://intranet.epa.gov/ogd/> or through the Regional Grants Management Offices. This information also is contained in Module No. 2 of the EPA Assistance Project Officers Training Course which is available through the Regional Grants Management Offices.

The regulations at 40 CFR Part 31 apply to grants and cooperative agreements awarded to State and local (including tribal) governments. The regulations at 40 CFR Part 30 apply to grants to nonprofit organizations and to non-governmental for-profit entities. In appropriate circumstances, such as grants for demonstration projects, the research and demonstration grant regulations at 40 CFR Part 40 can be used to supplement either 40 CFR Part 30 or Part 31. The Agency issued a memorandum in January 1995, concerning the applicability of 40 CFR Part 29 (Intergovernmental Review) to the special projects authorized by the Agency's FY 1995 Appropriations Act.² That memorandum also applies to all funds appropriated for the United States-Mexico Border Program.

The Davis-Bacon Act applies to grants awarded under the Agency's Appropriations Act when funds are used to supplement funding of a construction contract that includes Clean Water Act Title II requirements (e.g., contracts awarded under the construction grants or coastal cities programs). Should United States-Mexico Border Program funds be used to supplement funding of a construction contract that includes Clean Water Act Title II requirements, the entire contract would be subject to the Davis-Bacon Act.

SPECIFIC ENVIRONMENTAL REQUIREMENTS

The National Environmental Policy Act (NEPA) and other relevant applicable statutes and Executive Orders, such as the Endangered Species Act (ESA), apply to the United States-Mexico Border Program. The applicable NEPA regulations are the Council of Environmental Quality's implementing regulations at 40 CFR Parts 1500-1508 and EPA's NEPA regulations at 40 CFR Part 6. EPA revised regulations that implement NEPA for EPA actions on October 19, 2007. These regulations replace all previous NEPA guidance and memoranda.

²This document is available on the internet at www.epa.gov/owm/mab/owm0326.pdf.

NEPA and other cross-cutting Federal requirements that apply to major Federal actions (i.e., the approval and/or funding of project-specific work beyond the conceptual design point) cannot be delegated. EPA must complete the NEPA process, and comply with other Federal cross-cutting requirements before approving or funding project-specific construction. EPA grant awards to the Border Environment Cooperation Commission (BECC) and North American Development Bank (NADBank) for the Project Development Assistance Program (PDAP) and Border Environment Infrastructure Fund (BEIF), respectively, are not subject to NEPA review. The PDAP grant to the BECC is for project-specific planning and design activities, including environmental review, and is not subject to NEPA. EPA's grant to the NADBank is not subject to NEPA at time of award because the plans for the specific infrastructure projects to be funded by those awards are not sufficiently developed at the time of grant award to permit meaningful evaluation of environmental impacts. However, EPA's approval of specific BEIF subgrants is subject to NEPA review. Accordingly, project-specific construction funding cannot be provided to sub-grantees until EPA has approved project-specific funding in the deal sheet, the NEPA process has been completed, and the project has received BECC certification.

The development of information needed to determine compliance with NEPA and other cross-cutting Federal requirements is an allowable cost that can be included in the scope of work of the grant. EPA can fund the grantee for development of an Environmental Information Document (EID), or other analysis to provide supporting information necessary to complete the NEPA process. However, EPA grant funds cannot be used to prepare a federal document, such as an Environmental Assessment (EA) or Environmental Impact Statement (EIS).

When both EPA and another Federal agency are funding the same project, the agencies may negotiate an agreement for one to be the lead agency for performing grant oversight and management activities, including those related to NEPA and other cross-cutting Federal requirements. The lead agency can be the one which is providing the most funds for the project, or the agency that provided the initial funds for the project. If an EIS is required, EPA should be a co-lead or cooperating agency so that it can adopt the EIS without recirculating it. If the project requires an EA, EPA may adopt the other agency's EA and use it as a basis for its finding of no significant impact (FONSI), provided EPA has independently reviewed the EA and agrees with the analysis and circulates the FONSI and attached EA for the requisite 30 day comment period. EPA may not use a categorical exclusion of another Federal agency unless EPA's regulations at 40 CFR Part 6 also provide for the categorical exclusion.

OPERATING GUIDELINES

The authority for awarding grants for the United States-Mexico Border Program is contained in EPA's Annual Appropriations Acts. The Catalog of Federal Domestic Assistance (CFDA) number for the United States-Mexico Border Program is 66.202 "Congressionally Mandated Projects." The Integrated Grants Management System (IGMS) code for the United States-Mexico Border Program is XP, titled "Water Infrastructure Grants as authorized by EPA Appropriations." The Object Class Code (budget and accounting information) for the United States-Mexico Border Program is 41.83. Applicants should use Standard Form 424 to apply for the grants.

Location of Project

To be able to report on environmental and public health benefits, the Agency has decided to collect, and store in an appropriate database, the geographic location for grant funded infrastructure projects. Accordingly, all United States-Mexico Border Program grants authorized by the Agency's Appropriations Acts should include a term and condition stating that locational information must be submitted. For most projects, the specific information needed is the National Pollutant Discharge Elimination System (NPDES) number(s) or the Safe Drinking Water Information System (SDWIS) number(s). EPA's information technology (IT) systems will use the NPDES and the SDWIS numbers to determine the specific geographic parameters of the project. For those situations where NPDES and SDWIS identifiers are not appropriate, the longitude and latitude of the project should be provided.

Grants Involving Geospatial Information

In accordance with OMB Circular A-16 and the One-Stop Geospatial E-Gov Initiative, Program Offices must indicate in the funding recommendation for a proposed assistance agreement that the grant involves or relates to geospatial information. Geospatial information includes information that identifies the geographic location and characteristics of natural or constructed features or boundaries on the Earth, or applications tools, and hardware associated with the generation, maintenance, or distribution of such information. The information may be derived from, among other things, global positioning systems (GPS), remote sensing, mapping, charting, and surveying technologies, or statistical data.

Grants to International Organizations

Funds appropriated to the US-Mexico Border Program may be awarded in grants to international organizations. The rationale for any award to an international organization should be clearly explained, suitably documented, and included in the project file.

Required Special Conditions for Assistance Agreements

The grantee agrees to include in performance reports submitted under this agreement brief information on each of the following areas: 1) a comparison of actual accomplishments to the outputs/outcomes specified in the assistance agreement work plan and scheduled or established for the period; 2) reasons why anticipated outputs/outcomes were not met; and 3) other pertinent information, including, when appropriate, analysis and information of cost overruns or high unit costs.

The grantee agrees that it will notify EPA of problems, delays or adverse conditions which materially impair the ability to meet the outputs/outcomes or objectives of the award specified in the assistance agreement work plan and what corrective actions are being contemplated to resolve the situation.

Intermunicipal Projects and Service Agreements

Although a United States-Mexico Border Program grant may be awarded to one entity, the successful operations of the grant funded project may depend on the support and cooperation of other entities, municipalities, or utility districts. This is especially evident when one entity is providing wastewater treatment services or supplying drinking water to another entity. Accordingly, for projects involving interactions between two or more entities, the applicant should ensure that there are adequate assurances that the grant funded project will function as intended for its expected life. Adequate assurance on the part of the subgrantee may be met through the creation of special service districts, regionalization of systems, or intermunicipal service agreements.

Special service districts and regionalization of systems are considered to be obligations in perpetuity to serve the customers of the newly created authority and automatically meet the expected lifetime requirements. The intermunicipal service agreement or contract is a legal document for cooperative ventures between separate entities, both of which wish to continue functioning with a large degree of independent control in their respective service areas. Such agreements will need to extend for a minimum number of years for an EPA funded project to be considered viable. For the purposes of the United States-Mexico Border Program, EPA will accept the following contract lifetimes as meeting the minimum standard³:

<u>ITEM</u>	<u>LIFE (years)</u>
• <u>Land</u>	Permanent
• <u>Wastewater/Water Conveyance Structures:</u> collection systems, pipes, interceptors, force mains, tunnels, distribution lines, etc.	40

³The anticipated useful life of the facility components is based on the low end of the assumed service life for items in EPA's Construction Grants Program and past experience with the award and administration of special Appropriations Act projects.

- Other Structures: plant buildings, concrete tankage, basins, lift station and pump station structures, inlet structures, etc. 30
- Wastewater and Drinking Water Process Equipment 15
- Auxiliary Equipment 10

A shorter time frame may be accepted if suitably justified and approved by EPA.

Non-Construction Costs

The scope of work of a grant may include planning, design and administrative activities. However, all elements included within the scope of work of the grant must conform to the applicable requirements of 40 CFR Parts 30 or 31. This means, if planning, design and administrative activities are included in the grant work plan, the procurement of those services and the contracts must comply with the applicable sections of 40 CFR Parts 30 or 31 that pertain to the US-Mexico Border Program as defined in the grant award.

As of August, 2006, the United States-Mexico Border Program established a policy that land would not be an allowable BEIF cost. This policy was issued by the Deputy Director, Office of Wastewater Management, on August 3, 2006.

Requirement to Prevent Further Development of Existing or New Colonias

No funds provided by EPA's Annual Appropriations Acts to address the water or wastewater infrastructure needs of the colonias in the United States along the US-Mexico Border shall be made available to a county or municipal government unless that government has established an enforceable local ordinance, or other zoning rule, which prevents in that jurisdiction the development or construction of any additional colonia area, or, within an existing colonia, the construction of any new home, business, or other structure which lacks water, wastewater, or other necessary infrastructure.

GRANTS MANAGEMENT: ENVIRONMENTAL RESULTS UNDER EPA ASSISTANCE AGREEMENTS

Introduction

EPA Order 5700.7, "Environmental Results Under Assistance Agreements," applies to all non-competitive funding packages/funding recommendations submitted to the Grants Management Offices after January 1, 2005.⁴ The Order requires EPA Program Offices to: 1)

⁴The Order is available on the internet at <http://www.epa.gov/ogd/grants/award/5700.7.pdf>

link proposed assistance agreements to the Agency's Strategic Plan/Government Performance and Results Act (GPRA) architecture; 2) ensure that outputs and outcomes are appropriately addressed in assistance agreement work plans⁵ and funding recommendations; and 3) ensure that progress in achieving agreed-upon outputs and outcomes is adequately addressed in grantee progress reports and advanced monitoring activities.

The Strategic Plan/GPRA Architecture

EPA's *2006-2011 Strategic Plan* sets out five long-term goals.⁶ Each of these five goals is supported by a series of objectives and sub-objectives that identify, as precisely as possible, what environmental outcomes or results the EPA seeks to achieve within a defined time frame using resources expected to be available. The objectives and sub-objectives established in EPA's Strategic Plan are part of the "GPRA architecture" that is used to measure the EPA's progress in meeting its strategic goals.

Program offices must include in the funding package for a proposed assistance agreement a description of how the project fits within the EPA's Strategic Plan/GPRA architecture. In developing the aforementioned descriptions, a project officer must list all applicable EPA strategic goals and objectives and, where available, sub-objectives in the Strategic Plan/Program Results Code (PRC) crosswalk in the funding recommendation. The project officer must ensure that the PRCs listed on the commitment notice are consistent with the selected strategic goals, objectives and sub-objectives. Additionally, program offices must include in the funding package for a proposed assistance agreement an assurance that the program office has reviewed, or will review, the assistance agreement work plan⁷ and that the work plan includes, or will include, well-defined outputs and, to the maximum extent practicable, well-defined outcomes.

Environmental Results: Outputs and Outcomes

The term 'output' means an environmental activity, effort, and/or associated work products related to an environmental goal or objective that will be produced or provided over a period of time or by a specified date. See EPA Order 5700.7. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period. Outputs reflect the products and services provided by the grantee, but do not, by themselves, measure the programmatic or environmental results of an assistance agreement. Examples of outputs for the United States-Mexico Border Program are:

⁵Throughout this section, the term "work plan" is used for convenience. For construction projects, outputs/outcomes can be typically found in a Facility Plan, Preliminary Engineering Report, or an Environmental Information Document but should be incorporated into the workplan as a narrative. Should these documents not exist at the time of grant application then the grantee should qualify and/or quantify outputs and outcomes in the workplan to the best extent possible.

⁶The Strategic Plan is available on the internet at http://www.epa.gov/ocfo/plan/2006/entire_report.pdf

⁷See Footnote 6, *supra*.

- new drinking water connections
- new wastewater connections
- number of households benefited from improved water service

The term 'outcome' means the result, effect or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. See EPA Order 5700.7. Outcomes may be environmental, behavioral, health-related or programmatic in nature, must be quantitative, and may not necessarily be achievable within an assistance agreement funding period. There are two major types of outcomes - end outcomes and intermediate outcomes. End outcomes are the desired end or ultimate results of a project or program. They represent results that lead to environmental/public health improvement. Intermediate outcomes are outcomes that are expected to lead to end outcomes but are not themselves 'ends.' Given that the end outcomes of an assistance agreement may not occur until after the assistance agreement funding period, intermediate outcomes realized during the funding period are an important way to measure progress in achieving end outcomes. Examples of outcomes for the United States Mexico Border Program are:

- provide wastewater treatment to x millions of gallons per day of currently untreated wastewater
- provide piped water to homes previously dependant on hauled water
- reduce elevated nitrate levels in drinking water

Environmental Results: Review of Grantee Performance Reports

EPA Order 5700.7 also establishes requirements for program office review of construction and non-construction interim and final grantee performance reports for progress in achieving outputs and outcomes contained in assistance agreement work plans. Under 40 CFR Parts 30 and 31, EPA may require grantees to submit performance/progress reports as frequently as quarterly but no less frequently than annually. These regulations also require grantees to provide the EPA with an acceptable final performance report at the end of a project. While performance reports are one way for the EPA to obtain information on a grantee's progress toward achievement of agreed-upon outputs and outcomes, program offices may also conduct mid-year and end-of-year reviews to evaluate grantee performance.

The review of grantee performance reports is the responsibility of the EPA project officer. The project officer must review interim⁸ and final⁹ performance reports to determine whether they adequately address the achievement of agreed-upon outputs/outcomes, including providing a satisfactory explanation for insufficient progress or a failure to meet planned

⁸For construction projects, on-site technical inspections and certified percentage of construction data meet the interim reporting requirements, see 40 CFR 31.40(c).

⁹For construction projects, the final inspection report or other final performance report should include a comparison of the actual outcomes/outputs with those incorporated into the assistance agreement.

accomplishments (when compared with the most recently approved project schedule and completion dates for project milestones). This review must be documented in the official project file. If a report does not adequately address the achievement of outputs/outcomes, the project officer should seek further explanation from the grantee and require appropriate corrective action.

Environmental Results: Advanced Monitoring (On-Site Reviews or Desk Reviews)

EPA Order 5700.7 directs program offices, when conducting on-site reviews or desk reviews under EPA Order 5700.6.A2 CHG 2 *Policy on Compliance, Review and Monitoring*, to include an assessment of the grantee's progress in achieving the outputs and outcomes set forth in the assistance agreement work plan.¹⁰ If the assessment reveals significant problems in meeting agreed-upon outputs/outcomes, the project officer must require the grantee to develop and implement an appropriate corrective action plan and implementation schedule. The results of the assessment must be documented in the Grantee Compliance Database in a format determined by the Director of the National Policy, Training and Compliance Division (NPTCD) of OGD.

GRANTS MANAGEMENT: OTHER REQUIREMENTS

Grants awarded under the authority of an Appropriations Act are subject to assistance agreement regulations, OMB cost principles and Agency policies. The United States-Mexico Border Program grants must be awarded and managed as any other assistance agreement.

OGD has developed Orders, Grants Policy Issuances (GPIs), and grant guidance documents to assist project officers and program offices to understand and meet the requirements (available on the Grants Intranet website at <http://intranet.epa.gov/ogd/policy/policy.htm>). Several grant requirements are discussed in further detail below. In addition, there is a GPI that applies to these funds and addresses the award and management of United States-Mexico Border Program grants: GPI-07-01 "Management of Earmark Grants."¹¹

Cost Review Requirements

A specific cost review checklist applicable to the United States-Mexico Border Program is available at http://intranet.epa.gov/ogd/cost_review/main/index.htm for project officer use. The checklist applies to all funding packages/funding recommendations submitted after October 1, 2007.

¹⁰See Footnote 6, *supra*.

¹¹ These GPIs are available at <http://intranet.epa.gov/ogd/policy/7.0-GPI-GPI-07-01.htm>, <http://intranet.epa.gov/ogd/policy/7.0-GPI-GPI-03-01-5.htm> and <http://www.epa.gov/ogd/grants/award/CostReview.htm>

Subaward Policy

OGD added a section to the Assistance Administration Manual 5700 outlining Agency policy on the award and management of subawards, "*Policy on Subawards Under Assistance Agreements*". The policy clarifies subgrantee eligibility, addresses subaward competition requirements, and provides guidance regarding the distinctions between procurement contracts and subawards. The policy applies to subaward work under awards and supplemental amendments issued after May 15, 2007. The subaward policy can be found at <http://intranet.epa.gov/rmpolicy/ads/updates.htm> (under Update 3). The subaward policy does not apply to the United States-Mexico Border Water Infrastructure Program because OGD approved the request for a programmatic waiver on December 3, 2007.

Post-Award Management: Baseline and Advanced Monitoring

EPA Order 5700.6 A2 CHG 2 *Policy on Compliance, Review and Monitoring* was issued on September 24, 2007 and went into effect on January 1, 2008.¹² The revised Order streamlines post-award management of assistance agreements and helps ensure effective oversight of grantee performance and management. The Order encompasses both the administrative and programmatic aspects of the Agency's financial assistance programs. It requires each EPA program office providing assistance to develop and carry out a post-award monitoring plan, and conduct baseline monitoring, or the equivalent, for every award. From the programmatic standpoint, baseline and advanced monitoring (on-site reviews or desk reviews) should address five core areas: (1) compliance with all programmatic terms and conditions; (2) correlation of the grantee's work plan/application and actual progress under the award; (3) availability of funds to complete the project; (4) proper management of and accounting for equipment purchased under the award; and (5) compliance with all statutory and regulatory requirements of the program. If during monitoring it is determined that there is reason to believe that the grantee has committed or commits fraud, waste and/or abuse, then the project officer must contact the Office of the Inspector General.

All baseline monitoring activities must be documented in the Integrated Grants Management System (IGMS) Post-Award Database. OGD has agreed that the semi-annual or annual inspection for a United States-Mexico Border water infrastructure project is equivalent to a baseline monitoring activity. Project Officers must indicate in the Post-Award Database that a semi-annual or annual inspection has been completed for United States-Mexico Border cooperative agreements by checking the box for SRF/SAAPs under the Alternatives Completed in Lieu of Baseline Monitoring section and attaching the relevant documentation. Advanced monitoring activities must be documented in the official grant file and in the Grantee Compliance Database.

In addition to the general requirements contained in EPA Order 5700.6 A2, the following types of activities, which are directly related to construction projects, should be considered in

¹²The Order is available on the EPA intranet at http://intranet.epa.gov/OGD/policy/order/5700_2A2.pdf

conducting post-award monitoring:

- Review periodic payment requests.
- Compare actual completion percentages and milestones with the approved project schedule.
- Compare actual costs incurred with the approved project budget.
- Conduct interim inspections.
- Review change orders and claims.
- Review and approve final payment requests as required by the Program.
- Determine that the project is capable of meeting the objectives for which it was planned, designed and built and is operational.

PROJECT OFFICER RESPONSIBILITIES

A directive in the Assistance Administration Manual 5700 outlines roles and responsibilities for all EPA staff with grants management responsibilities and is available at <http://intranet.epa.gov/OGD/policy/11.0-Roles-Topics.htm>.

The project officers must review the grant application to determine that:

- the scope of work of the grant is clearly defined;
- the scope of work is in conformance with the project description;
- project schedule and milestones are addressed;
- there is a clearly stated environmental or public health objective;
- the applicant has the programmatic capability to successfully manage the project;
- it is expected that the project will achieve its objective(s); and
- the costs are reasonable, necessary and allowable.

Grant applications should be carefully reviewed and processed in a timely manner. Additionally, the Regions may impose reasonable requirements through grant conditions in those situations considered necessary.

On January 20, 2006, OGD issued Interim Guidance "Assessing Grants Management Performance under the Performance Appraisal and Recognition Systems (PARS)". On January 17, 2008 OGD issued another memorandum, "Guidance for Addressing Grants Management and the Management of Interagency Agreements under the Performance Appraisal and Recognition System (PARS)" (http://intranet.epa.gov/ohr/policy/pars/2008_pars.htm). OGD issued the guidance for consideration in assessing grants project officer and supervisor/manager compliance with key grants management policies under the 2007 PARS process, developing 2008 PARS performance agreements and conducting 2008 mid-year and end-of-year performance reviews. In addition, OGD provided a two-page Manager's Guide to facilitate discussions with project officers while reviewing their grants management performance under PARS (Attachment C to the January 17, 2008 memorandum).